

MINUTES OF MEETING
STATE OF WISCONSIN
DEFERRED COMPENSATION BOARD
TELECONFERENCE

September 2, 2004
9:30 a.m.

801 West Badger Road
Conference Room 1B
Madison, Wisconsin

BOARD PRESENT: Edward Main, Chair (in person)
John Nelson, Vice-Chair (via telephone)
Martin Beil, Secretary (via telephone)
Michael Drury (via telephone)
Jon Traver (via telephone)

PARTICIPATING STAFF: Dave Stella, Deputy Secretary
Pam Henning, Director, Office of Strategic Services
Shelly Schueller, Director, Wisconsin Deferred
Compensation Program
Sharon Walk, Board Liaison

Edward Main, Chair, called the meeting to order at 9:33 a.m.

Consideration of Minutes of May 11, 2004, Meeting

Motion: Michael Drury moved acceptance of the minutes of the May 11, 2004, meeting as submitted by the Board Liaison. John Nelson seconded the motion, which passed without objection on a voice vote.

Investment Committee Recommendation to Remove the Janus Fund

Shelly Schueller presented a summary of the discussion held at the Deferred Compensation Investment Committee's (DCIC) meeting on August 19, 2004. The DCIC reviewed the performance of the Janus Fund and determined that the Janus Fund is no longer desirable as an investment option for Wisconsin Deferred Compensation (WDC) participants. The DCIC further recommended that the Janus Fund be removed from the WDC core spectrum for failure to meet performance benchmarks and continued concern regarding management changes, market timing and late trading problems.

Motion: Martin Beil moved that the Janus Fund be removed from the WDC core spectrum for failure to meet performance benchmarks and continued concern regarding management changes, market

timing and late trading problems. Mr. Drury seconded the motion, which passed without objection on a voice vote.

Large Cap Fund Addition

At its August 19, 2004, meeting, the DCIC determined that the Janus Fund is no longer desirable as an investment option for WDC participants. The DCIC did not reach a consensus on whether or not to replace the Janus Fund with another large cap option and decided to seek input from the Deferred Compensation Board (Board).

Ed Main, Chair, asked for the Department's recommendation. Dave Stella spoke on behalf of the Department. Staff recommends that a replacement to the Janus Fund not be added at this time. It is the opinion of staff that the WDC offers good funds in the large cap category including Fidelity Contrafund, the Vanguard Institutional Index (S&P 500) and the Calvert Social Investment Equity Fund. Not adding another fund could help keep the number of options offered by the WDC within a reasonable number. Also, the DCIC is recommending the addition of lifecycle funds to the WDC. If the Board accepts this recommendation at its November meeting, additional lifecycle funds will be added to the WDC, including large cap. Mr. Stella reminded the Board that if the Board determines there is a need for another large cap fund, it could be added at a later date.

Motion: Mr. Beil moved to accept staff's recommendation that a replacement to the Janus Fund not be added at this time. Mr. Drury seconded the motion, which passed without objection on a voice vote.

Contact With Vendors

Ms. Schueller reminded the Board members that they should refer any vendors who contact them to Department staff.

Adjournment

Motion: Jon Traver moved to adjourn. Mr. Nelson seconded the motion, which passed without objection on a voice vote.

The meeting was adjourned at 9:49 a.m.

Date Approved: _____

Signed: _____

Martin Beil
Secretary